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C O N F I D E N T I A L SECTION 01 OF 04 SANTO DOMINGO 005992

SIPDIS

HONG KONG FOR PATRICIA FIETZ

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TAGS: [DR](#) [EFIN](#) [ETRD](#) [MARR](#) [MX](#) [PGOV](#) [PHUM](#) [PREL](#) [SMIG](#) [SP](#) [VE](#) [XF](#) [KCOR](#)

SUBJECT: DOMINICAN REPUBLIC FM ON ECONOMIC, INTERNATIONAL, AND BILATERAL ISSUES

REF: A. CARACAS 5391 (NOTAL)

[1B](#). SANTO DOMINGO 5946 (NOTAL)

[1C](#). SANTO DOMINGO 5786 (NOTAL)

[1D](#). USUN NEW YORK 2331

[1E](#). SANTO DOMINGO 5391 (NOTAL)

Classified By: Charge Lisa Kubiske for reasons 1.5 (b) and (d).

[11](#). (C) Summary: Foreign Secretary Guerrero Prats, at a lunch hosted by the Ambassador October 7, said the GODR was trying through diplomatic channels to restore normal relations with Venezuela after President Chavez downgraded them in September. Trade/economic adviser (and daughter of President Mejia) Carolina Mejia said the GODR was doing its utmost to comply with IMF requirements in the face of severe financial problems. She blamed traditional corrupt behavior in business for the massive BANINTER banking scandal. The Ambassador and DCM Kubiske stressed the need to prosecute key suspects in the scandal and officials who may be trafficking in persons or smuggling aliens. The foreign secretary generally agreed with our stance on returning full authority to the people of Iraq and said the GODR was reviewing a draft SOFA with Kuwait to support Dominican troops in the region. He expressed optimism about WTO and hemispheric trade negotiations. End summary.

[12](#). (U) Ambassador Hertell hosted a lunch October 7 for Secretary of State for Foreign Relations Francisco Guerrero Prats, U/S of State for Foreign Relations Miguel Pichardo, U/S of State for Foreign Relations in Charge of Trade Negotiations Santiago Tejada, Acting Director of International Organization Affairs Jesus Hernandez, and FTAA/monetary affairs/TIC adviser Carolina Mejia. DCM Kubiske, CG Marshall, ECOPOL counselor, poloff, and econoff also attended. (Note: We understand that Tejada has just been reassigned as the General Manager of the Central Bank. IO Director Hernandez is now permanently assigned to his position.)

IMF Agreement

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[13](#). (C) The Ambassador expressed concern that the IMF team in town earlier in the week had departed after a single day. Carolina Mejia, the President's daughter who is involved in GODR economic and trade issues, seconded by the foreign secretary, replied that the government was doing its utmost to analyze the situation and take corrective action to comply with the requirements of the IMF standby agreement. Some adverse events were beyond the administration's control) e.g., a recent decision by the Supreme Court that the use of a presidential decree to impose a 5 percent tax on exports and 2 percent on imports was unconstitutional. The foreign secretary commented that this was an example of judicial independence typical of mature democracies. Carolina Mejia added that an IMF staffer was in country, and as soon as the GODR assembled the required data, the IMF team would return. (Note: We understand that one or several IMF staff are still here, working with the GODR on an unofficial basis.) Carolina Mejia said that the country desperately needed the United States' assistance in seeking prompt disbursement from the IFIs.

Relations with Venezuela

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[14](#). (C) On GODR efforts to restore relations with Venezuela after President Chavez's withdrawal of his ambassador and cutoff of oil supplies to the Dominican Republic (Ref A), Guerrero Prats referred to President Mejia's public statement October 6. Guerrero Prats said that the Foreign Relations Secretariat is looking into Chavez's public allegations of anti-GOV plotting here, that the foreign secretary has received instructions on this matter, and that "I do not discuss diplomatic issues on television." Guerrero Prats expressed regret that Chavez in early October reiterated the charges he had made in mid-September when downgrading relations with Santo Domingo.

[15](#). (C) According to the foreign secretary, the GOV after months of levying accusations in the media sent a diplomatic note August 4 citing "denuncias" of the anti-GOV plots -- without furnishing any evidence -- and requesting investigation by the GODR. Santo Domingo, by diplomatic note

22 days later, asked Caracas to furnish &proof8 and offered to investigate on the basis of any evidence that might be presented. So far the GOV has failed to provide specifics. Guerrero Prats and his colleagues expressed their desire to normalize relations with Venezuela, referring to a history of close ties and the desirability of having the option to resume oil imports -- even though the Dominican Republic is now able to tap alternative suppliers. (Note: The two countries have been discussing the issue in diplomatic channels, but the oil cutoff remains in effect.)

Prosecution of Corrupt GODR Officials

16. (C) Earlier, as guests were gathering, the Ambassador, DCM, and Consul General spoke privately with the foreign secretary, urging investigation of a former Dominican consul in Panama named Arias and the current director of the Dominican commercial office in Hong Kong for involvement in visa fraud and trafficking in persons. (Note: Embassy had previously provided details of this suspected malfeasance to the Foreign Secretariat.) Guerrero Prats replied that no one had supplied evidence in these cases, only supposition. With evidence, he said, he would pursue them. During the lunch, the DCM underscored the importance we attach to the GODR's pending prosecution of Dominican Congressman Guillermo Radhames Ramos Garcia (of the ruling PRD), a suspected smuggler of Asian nationals from Haiti into the Dominican Republic. (Note: The Supreme Court has begun hearing this case, as reported Ref B.)

Iraq

17. (C) The Ambassador noted U.S. circulation of a draft resolution on Iraq in the UNSC October 2, on achieving a political transition as quickly as possible and returning full authority to the Iraqi people, and the Secretary's emphasis in comments to the press on a major role for the UN. The Ambassador asked the GODR to support this proposal. He also expressed appreciation for the bravery of Dominican troops in the stabilization force, who had taken fire twice in early October, without casualties. Guerrero Prats referred to his September 30 UNGA speech, in which he urged restoration of sovereignty in Iraq.

SOFA with Kuwait

18. (C) The Ambassador expressed concern about the slow pace of negotiations on a status of forces agreement (SOFA) between the Dominican Republic and Kuwait. U/S Pichardo replied that the GODR had proposed changes to the Kuwaiti draft text and had passed them along to the Secretariat of the Armed Forces for comment. The Ambassador stressed the urgency of concluding the SOFA, to facilitate troop rotation and treatment of any casualties from the Dominican unit in Iraq. (Note: As reported Ref C, Embassy continues to work closely with Foreign Secretariat Legal Adviser Jorge Santiago to answer the GODR's questions on the draft SOFA.)

Trade and the WTO

19. (C) The Ambassador and DCM complimented the GODR for its positive contribution at the Cancun WTO ministerial. Guerrero Prats agreed that the Dominicans have won respect for their consistent support of free trade and for promptly submitting required documents in any negotiation. U/S Ambassador Santiago Tejada took a more optimistic view of the Cancun outcome. He said that contrary to appearances, Brazil, leading the developing nations that opposed U.S. and European positions, had been isolated in the Western Hemisphere and that Mercosur and the Andean Group had been deeply divided. Tejada said that there had been consensus on at least two of the Singapore issues, which boded well for progress at the next WTO meeting in Geneva December 15. He added that the GODR was surprised by the early termination of the ministerial, explaining that from his perspective further negotiations might have been fruitful.

110. (C) The Ambassador said that U.S. authorities looked forward to negotiation of a bilateral trade agreement. The Foreign Secretary replied that the GODR already agreed with 75 percent of the draft and believed the remainder could be finished within the timeframe (early 2004) necessary for & docking8 with a Central American Free Trade Agreement (CAFTA).

Banking Scandal

111. (C) Carolina Mejia blamed the massive collapse of BANINTER and two other banks on longstanding behavior patterns among wealthy Dominican businessmen, some of whom were "thieves" ("ladrones"). She said this was an old Latino

scam) profiting from other people's money. The government had done its job properly, she asserted. (Former) GODR Bank Superintendent Alberto Atallah and the U.S. accounting firm Price Waterhouse approved the banks' performance based on the data the firm had received, but many illegal transfers were hidden from the auditors. The impact of the Baninter collapse in spring 2003, followed by the takeover of two smaller banks due to insolvency, has been & very hard,⁸ she commented, but perhaps this ordeal was necessary to force the country to modify the corrupt behavior. According to Mejia, the fault lay in the society, not the government. To create the kind of society that younger Dominicans such as she wanted, the government would have to prosecute the persons responsible for the banks' collapse. The DCM strongly concurred with this point.

UNGA

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¶12. (C) Regarding the UNGA special emergency session on the Middle East September 19 (Ref D), the Ambassador asked why no GODR representative had attended or voted. The Dominican absence had been noticed in Washington. The foreign secretary said the Dominican Republic prefers to vote within blocks on these types of measures and suggested that the USG should have approached regional groupings such as GRULA or the Rio Group to elicit support for the U.S. position, rather than relying on bilateral demarches. If this is not possible, he said, the GODR varies its voting behavior on unhelpful resolutions) sometimes voting no, sometimes abstaining, and sometimes being absent/not voting.

Presidential Visit to Spain

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¶13. (C) The foreign secretary said that President Mejia's September 15-23 visit to Spain and other countries had run into glitches, particularly in Spain where the media emphasized GOS leaders' criticism of the Dominican Republic's treatment of foreign investors. This referred to Spanish investors' problems in the electricity sector and the GODR's October 1 renationalization of two power distribution firms (Ref E). Guerrero Prats said he had publicly thanked the Spanish brigade commander in Iraq for having pressed for delivery of equipment to the approximately 300 Dominican troops deployed with the stabilization force. (Note: The equipment was delivered promptly.)

President Mejia's Government

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¶14. (C) Carolina Mejia said that when her father Hipolito Mejia assumed office as president three years ago, he had no idea what challenges his administration would face. In her view, his election in 2000 was providential. Confronted with severe economic problems, he has tried to address these issues and give the country its best government ever. She said his controversial bid for reelection in 2004 is necessary to enable him to finish the job.

Draft Dominican Law on Migration

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¶15. (C) The Ambassador inquired about progress on a draft migration law, designed to ensure fair treatment for one million Haitian immigrants present in the Dominican Republic, and urged expeditious handling of the legislation. He noted that Congressional leaders had complained of a delay in receiving comments on the bill from the Secretariat of Foreign Affairs. The Secretary said the comments were ready and he or U/S for Consular Affairs Wenceslao Guerrero Pou would offer to brief the relevant committees. (Note: The bill has been passed by the Chamber of Deputies, but is still pending in the Senate.)

Comment

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¶16. (C) The lunch afforded an opportunity for the Ambassador to press the Foreign Secretariat -- and the President through his daughter -- on pending bilateral issues, which the Embassy will continue to pursue. These include the GODR's IMF commitments, prosecution of key suspects in the banking scandal, and legal action against officials who may be trafficking in persons or smuggling aliens.

¶17. (C) Concerning the Palestinian UNGA resolution, on the date of the special session on the Middle East, Foreign Secretary Guerrero Prats had to deal with the mini-crisis with Venezuela and thus delayed his arrival in New York. He may not have sent guidance to the GODR permrep, who consequently was left free to avoid the controversial resolution. Under other circumstances we believe the GODR might have attended but abstained.

KUBISKE